

Committee(s): Police	Date(s): 14 th September 2012
Subject: Bernard Morgan House- Annual Review of Charges	Public
Report of: Commissioner of Police POL 63/12	For Decision

Summary

In September 2011 your Committee endorsed proposals for increasing charges at Bernard Morgan House (BMH) (Pol 49/11 refers), with a view to reducing the subsidy required to maintain the provision of facilities. This report outlines the benefits that BMH provides to the Force over and above accommodation, which includes storage and meeting facilities.

The total income generated for 2011/12 was £506,628, which was £49 less than in 2010/11. Expenditure, excluding capital charges, incurred for 2011/12 was £554,489 (2010/11 £669,514).

However, there is a hidden benefit in not incurring costs for force storage and hotel fees, should BMH not be available for duty purposes, (estimated at £386k).

The report considers three options:

- To retain current charges
- To increase charges by 2.6%
- To increase charges higher than 2.6%

Recommendations

It is recommended that:

Members note the content of this report and approve the increase in charges by 2.6% with effect from 1st November 2012.

Main Report

Background

1. The primary function of Bernard Morgan House (BMH) is to provide secure and affordable accommodation to City London Police Officers and Support Staff, so facilitating the Force's operational activities.
2. The Force wide benefits on offer by BMH include: welfare benefits, training/meeting facilities, archive and major incident storage.
3. Storage provides archiving for crime files with the added protection of 24/7 security and CCTV monitoring. Storage is also provided for Major Incident equipment, making it easily accessible. The site is also used for museum and cycle storage. The cost of this storage/archive facility, should it be out sourced, is estimated at £96k per annum based on a rate of £7.85 per sq metre per week.
4. The meeting room is used by members of other Force buildings and is also a draw to other forces when booking rooms. The Force reduced meeting rooms within the Police estate and there is therefore an increased demand for this facility at BMH. The meeting room also allows for confidential meetings/interviews to take place away from operational police buildings.
5. Other forces attending the Bishopsgate Police Training Centre use BMH for overnight accommodation. As host, a charge to the other force is made for the training provided or classrooms used. Should overnight accommodation not be readily available to other forces, attendance at these training courses may reduce.
6. BMH reception staff also provide a 24-hour helpdesk facility for breakdown maintenance matters. This is essential to maintain operational facilities such as Custody and the Control Room and it also provides a single point of contact for all staff within police occupied buildings.
7. The need for Bernard Morgan House is being reviewed as part of the accommodation review of the campus with reference to the Windsor Report into overnight accommodation for officers.

Current Position

8. As consideration is being given to the future use of the Bernard Morgan House site, very little has been spent over the last few years other than

essential repairs. Until the outcome is known for BMH, the fabric of the building will continue to deteriorate and will continue to become a less attractive rental option for customers. Therefore, to charge a rental equivalent to a night stay in a low budget hotel is unlikely to increase total revenue. Importantly the fact that the rooms do not have en suites bathroom facilities means the standard is basic.

9. The total income generated for 2011/12 was £506,628, which was £49 less than in 2010/11. However, expenditure, excluding capital charges, incurred for 2011/12 was £554,489 down from £669,514 (2010/11). The closure of the canteen last year delivered a saving of £42,495 p.a. which has contributed towards this reduction in expenditure.
10. As mentioned in similar reports to your committee the police service saves substantial sums in storage and hotel fees through the use of Bernard Morgan House. These costs are estimated to total £386k, (£95,556 – storage and £290,628 – hotel fees). Hotel fees are based on current BMH usage 81 single rooms for duty purposes and cost of overnight accommodation in a local City budget hotel (Internet search best deal) at £69 per week x 52 weeks = £290k.
11. The charging system for Bernard Morgan House has been devised to take account of the different categories of visitor and resident who stay there. Residents as at July consist of 23 City Police Officers, 8 Police/City of London Support staff, 9 other Police Forces and 2 others MoD/Ex CoLP. There are 108 rooms with a typical occupancy level of 70 to 80% per night.
12. Charges were increased as per your Committee recommendation by 2.5% on 1st November 2011. Current and proposed (2012/13) 2.6% increase in charges are as shown at Appendix A.

Options

13. Retain current charges

All residents and visitors would welcome this.

14. Increase charges by 2.6%

The Force must continue with the strategy to maximise income from fees and charges and whilst it cannot be guaranteed that an increase in charges will increase total income, there is no evidence that current charges are currently at a level to reduce occupancy and therefore reduce revenue.

There is some debate as to what constitutes the current rate of inflation particularly in respect of housing. Given that the Retail Price Index (RPI) is 2.8% and Consumer Price Index (CPI) is 2.4% as at June 2012, and taking into account that main users Police Officers/CoL Support Staff have not received pay increases, a reasonable increase in charges is considered to be the average of the two indices 2.6%.

15. Increase charges above the level of 2.6%

The charges for those staying overnight appear to have been pitched competitively, in that the level of occupancy now appears to have stabilised. At this time, any significant increase in charges would undoubtedly drive away long-term residents and deter overnight visitors from staying in accommodation that is not en suite.

Recommendation

16. For the reasons stated in previous paragraphs, and to increase the current level of income, it is proposed that rental charges are increased by 2.6% above the current level, for the period until the next review.
17. The net effect of increasing current prices by 2.6% should increase total income generated from BMH provided current occupancy figures do not fall significantly.

Consultees

18. The proposed draft increase in charges is currently displayed at BMH reception and had been for over a month. The BMH Manager had also provided the Resident Representative details of the proposed new charges and allowed a period for discussion and feedback. No adverse comments had been received.
19. The matter was presented to the Force Strategic Management Board in August. Some members felt that a stay on an increase in charges might be appropriate in view of the fact that there is a pay freeze in place currently

for police officers and civilian staff. However, balanced against the cost of maintenance and increases in utilities costs this was not pursued.

Conclusion

20. BMH continues to offer the Force operational and welfare benefits. However, in light of straitened financial circumstances, it is important that the Force continues to maximise income. This requires a judgement as to the amount by which fees can be increased without inducing a disproportionate fall in demand and as a consequence, a fall in total income generated. Given the proposed increase in fees of 2.6%, it is hoped that this level of increase will not deter overnight visitors, or discourage long-term residents from remaining at BMH.

Background Papers:

Bernard Morgan House-Review of Charges- POL41/10 17th September 2010

Bernard Morgan House-Review of Charges- POL49/11 16th September 2011

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Existing Charges and Proposed 2.6% increase in Charges.

<u>Resident Rates</u>	Current Charges £ per <u>month</u> . (includes VAT)	Proposed Nov 2012 Increase.
Parking Charge	42.5	43.60
M/Bike Storage	31.79	32.62
Non City Police Residents	552.82	567.19
Probationer Residents	412.30	423.02
Confirmed Residents	438.97	450.38

As can be seen, the Police Residents charges are lower than those for non-city residents, as the latter are paying a competitive rate (i.e. compared with the rates charged by other police forces, YMCA, local budget hotels).

<u>Nightly Rates</u>	Current Charges £ per <u>night</u>	Proposed 2011 Increase.
Non City Police double room	54.35	55.73
Non City Police single room	40	41.04
Nightly single rate for stays over a week	33.84	34.72
Nightly double rate for stays over a week	44.10	45.25
City Police single room	33.84	34.72
City Police double room	44.10	45.25

Short-term visitors nightly rates are based on market rates for similar accommodation and take account that none of the Bernard Morgan House rooms have en suite facilities.